

# I. Highlights - - - 2001

## 2000 into 2001: a year of profound economic changes

It began on January 15, 2001, when the Pergola in Pioneer Square was pulled down by an errant truck. (In a sense, it actually began with the WTO in November 1999, but that can be viewed as an isolated early warning.) One body blow after another struck the Seattle and King County economy during 2001: An earthquake measuring 6.8; back-to-back announcements by Boeing that their headquarters and the 757 fuselage assembly would both leave Puget Sound; reductions in some dot-com companies and the total disappearance of others; worsening transportation congestion; and a series of events that sent electrical power rates skyrocketing.

The context is a similar slowdown in the national economy – perhaps not a true recession, but a sudden retrenchment after years of expansion that had come to be expected to last indefinitely. In King County, the slowdown arrived after five years of strong economic growth that had been led by both aerospace and the high technology sectors. The slowdown was heralded by the following events:

- Stock prices dropped during 2000, shrinking at least the perception of prosperity – probably not actual incomes very much. But the official measure of “average wages” in 2000 may decline for the first time in several years because exercise of stock options had been part of the definition of “wages” – and fewer people are exercising stock options this year.
- Nationally and locally, numbers of house sales started to drift downward, despite favorable interest rates. This downward trend affected both new houses and resale of existing houses. Locally, the housing market slowed markedly for expensive houses but remains strong for houses under \$300,000.
- Surveys indicate that local and national consumer confidence has declined measurably.
- Amazon and perhaps 100 other dot coms have laid off thousands of workers – more than 8,500 in the first four months of 2001. Several well-known local companies have disappeared entirely. For instance, Drugstore.com has laid off about 200 or one third of its workforce during 2001, and Webvan.com filed for bankruptcy after absorbing HomeGrocer.com. As technology companies have shrunk, their office needs have decreased correspondingly. As much as 2 million square feet of office space in Seattle and the Eastside is now vacant.
- Energy shortages here and in California have raised prices of electrical power and oil products. The shortages threaten to constrain the economy this year. The drought, which contributed to the power shortages, has also begun raising questions about long-term water supply even in the water-rich Puget Sound region.
- The Nisqually earthquake on February 28, 2001 shook Puget Sound, causing profound physical damage to our infrastructure as well as other psychological and financial damage.

- More psychological damage occurred when Boeing announced it would move its headquarters back east – to Chicago as it turned out. Earlier, Boeing had hinted that it might close the Renton plant and move 737 and 757 operations to Everett or elsewhere. This would be a severe blow to South King County with ominous implications for traffic congestion throughout the region. As of summer 2001, it appears that Boeing will stay in Renton.

However, despite these foreboding events, there is much positive news about King County and the Puget Sound region:

- King County is a nationally important market, with the ninth largest number of jobs among the nation's 3,100 counties, and a 1998 payroll of \$41 billion, ranking 8<sup>th</sup> in the nation.
- Unemployment remains at historic lows, around 4%, as many businesses continue to suffer from a labor shortage. Despite the decline of Microsoft stock to half its mid-2000 value, employment remains strong at Microsoft and the company continues to hire new personnel, although more slowly than before. Much of the computer services industry remains healthy in spite of stock declines.
- Boeing, traditional foundation of the region's economy, has reached its decade low and begun to hire workers. However, most of the Boeing increases are likely to be in Everett, not in King County.
- Dick Conway, regional economist, sees little likelihood of a true recession here, but emphasizes the importance of the nation's economy to the health of the Puget Sound economy.
- Residential and commercial construction in King County continues to coast upward. After several years with little office construction, several big office complexes are underway in Bellevue, Seattle and Redmond. Record numbers of new housing units were authorized in Seattle in 2000 -- more than 6,500 new houses, apartments and condo units. After demolitions are subtracted, this should still add nearly 5,900 units to Seattle's housing stock.
- The possible Boeing production move from Renton to Everett poses wrenching transportation issues for the company, its workers, and the region. However, if it does eventually happen, it will occur over a number of years and allow time for transition. Further, the move would open opportunities for new industrial growth in Renton.
- Also in Renton, the Southport mixed use development is now underway on the Lake Washington shoreline. It will construct residential, office and retail uses over the next two years.
- Bellevue, Seattle, Renton, and other downtown or urban center developments are exhibiting healthy growth.

Finally, the County's two biggest companies, Boeing and Microsoft, continue to act as stabilizing influences by hiring workers despite the regional slowdown in other sectors.

The upshot of all these events is a King County economy that remains strong despite severe shocks. Unemployment has risen to 4.2 % as of April 2001, but that level is better than the historical average. Aerospace employment in the Puget Sound region now stands at 82,000, with about 52,000 of that in King County. Although well below the record employment levels, the aerospace sector is solid and stable, while continuing to provide high wages to local workers. High tech continues to expand despite the shakeout of a few companies.

Prospects are also fairly bright. Boeing forecasts production of around 530 airplanes this year and next, up from 489 in 2000. Sale of those planes is expected to bring in \$57 billion in 2001 and \$63 billion in 2002. With the move of Boeing headquarters to Chicago, long-term prospects for aerospace are less certain, but the company has continued to emphasize its investment in the Puget Sound region. However, sales tax and other government revenues are declining at a time when public investment is needed. We are doing remarkably well so far, but if the underlying issues listed above are not addressed, there could be lasting consequences to King County and the Puget Sound region.

## King County Population Exceeds 1.7 million

The 2000 US Census counted 1,737,034 persons in King County on April 1, 2000. This number is an increase of nearly 230,000 or 15 percent above the 1,507,319 counted a decade earlier. Having 1.7 million residents makes King by far the largest county in Washington State, with almost 30 percent of the State's population. It is also the 12<sup>th</sup> largest of the nation's 3,100 counties or county equivalents (parishes in Louisiana and boroughs in Alaska).

Rank, 2000	County and State	Population, 2000	% Change, 1990 - 2000	Rank, 2000	County and State	Population, 2000	% Change, 1990 - 2000
1	Los Angeles, CA	9,519,300	7.4%	16	Riverside, CA	1,545,400	32.0%
2	Cook, IL	5,376,700	5.3%	17	New York, NY	1,537,200	3.3%
3	Harris, TX	3,400,600	20.7%	18	Philadelphia, PA	1,517,600	-4.3%
4	Maricopa, AZ	3,072,100	44.8%	19	Middlesex, MA	1,465,400	4.8%
5	Orange, CA	2,846,300	18.1%	20	Tarrant, TX	1,446,200	23.6%
6	San Diego, CA	2,813,800	12.6%	21	Alameda, CA	1,443,700	12.9%
7	Kings, NY	2,465,300	7.2%	22	Suffolk, NY	1,419,400	7.4%
8	Miami-Dade, FL	2,253,400	16.3%	23	Cuyahoga, OH	1,394,000	-1.3%
9	Queens, NY	2,229,400	14.2%	24	Bexar, TX	1,392,900	17.5%
10	Dallas, TX	2,218,900	19.8%	25	Clark, NV	1,375,800	85.5%
11	Wayne, MI	2,061,200	-2.4%	26	Nassau, NY	1,334,500	3.7%
12	<b>KING, WA</b>	<b>1,737,000</b>	<b>15.2%</b>	27	Bronx, NY	1,332,700	10.7%
13	San Bernardino, CA	1,709,400	20.5%	28	Allegheny, PA	1,281,700	-4.1%
14	Santa Clara, CA	1,682,600	12.4%	29	Sacramento, CA	1,223,500	17.5%
15	Broward, FL	1,623,000	29.3%	30	Oakland, MI	1,194,200	10.2%

Source: US Census 2000, March 2001

## Washington State

The initial results of the 2000 US Census reveal more growth, and a higher total population, than had been estimated for King County and Washington State. Some State and regional highlights include:

- Washington State now has a population of nearly six million persons.
- This State gained more than one million people during the 1990 – 2000 decade, but even that was not enough to add a Congressional seat to our current nine.
- Washington ranked 7<sup>th</sup> of the 50 states in the amount of growth during the decade with a gain of 1,027,000. We also ranked 10<sup>th</sup> in percentage of growth at 21.1%.
- Washington now ranks 15<sup>th</sup> in the nation in total population with 5,894,100, up from 18<sup>th</sup> a decade ago. Washington is now comparable to Massachusetts and Indiana with 6 million residents.
- The four-county Puget Sound region -- King, Pierce, Kitsap and Snohomish Counties -- totals 3,275,800 persons, 55 percent of the State's population.
- The region also gained 527,000 persons, half of the State's growth during the decade.

### King County Geography

*King County, covering 2,130 square miles, is the size of Delaware, but much more geographically diverse. It extends from Puget Sound in the west to 8,000-foot Mt Daniel at the Cascade crest to the east. King County contains a wide variety of landforms including saltwater coastline, river floodplains, plateaus, slopes and mountains, punctuated with lakes and salmon streams. Lake Washington, covering 35 square miles, and Lake Sammamish with 8 square miles are the two largest bodies of fresh water. Vashon Island in Puget Sound and Mercer Island in Lake Washington provide different island environments.*

*King County has a variety of land types or land uses including urban residential, intensive commercial and industrial areas, farms and woodlots, commercial forest, rock and glacier. Thousands of years ago, ice-age glaciers formed the north-south trending shapes of our lakes and hills, making east-west travel more difficult than north-south travel. Four major river basins with salmon-bearing streams are separated by steep-sided plateaus whose slopes are subject to landslides and erosion, complicating the construction of homes, businesses and roads.*

### King County Demographics

*With more than 1,737,000 people, King County is the largest county in Washington State and the 12<sup>th</sup> largest in the nation. The County has more population than ten States including Idaho, New Hampshire and Nebraska. As a populous large county with a major central city, King County comprises the majority of its metropolitan area,*

## King County

King County, with nearly one third of the State's population, is Washington's growth and economic engine. The County added 230,000 people, or nearly one fourth of the State's growth, during the decade. Highlights about King County population and growth include:

- Population change was slightly slower in the 1990s (15%) than in the 1980s (19%).
- More than 90 percent of the decade's growth occurred in Urban-designated western King County, with the result that most of the population is still located in the western third of the county.
- Seattle continues to hold nearly one third of the County's total population, and Seattle gained more than one fifth of the Countywide growth during the decade.
- South King County had the biggest share of the County's growth, more than half, and the South remains the largest of three subareas with more than 630,000 residents. The South King County population growth was unexpected because housing construction had lagged behind the Eastside during the decade.
- The Eastside and South King County each grew at similar rates, about 20% over the decade.
- Seattle's growth rate increased during the 1990s after turning around a 30-year decline in the mid-80s; it seemed remarkable for a central city to gain after years of population loss.
- Urban centers in Seattle and Bellevue showed the most dramatic growth, while smaller centers in Renton, Kent, Auburn and Kirkland gained substantial numbers of new residents.
- Rural portions of King County mostly grew at a relatively slow rate. The Rural-designated areas gained only 20,000 persons to a 2000 population of about 137,000 or 8% of the county total. Communities such as Vashon Island, Hobart and the Snoqualmie Valley (outside the cities) grew more slowly than had been predicted early in the 1990s.

## Demographic Change

Beyond total growth numbers, the other major story of the 2000 Census is the increase in diversity in King County. The Census found that fully 27 percent of King County residents now are persons of color. Non-Hispanic whites are the slowest growing racial group, growing by 1.5%. Between 1990 and 2000, the Hispanic or Latino population more than doubled to 95,000 persons, now 5.5% of the population. The Asian population increased almost 70% to 187,000 persons. The African-American population grew less rapidly, about 23%. The Native American population remained about the same at about 15,000, although another 17,000 persons reported themselves as partly Native American.

*the "Seattle-Bellevue-Everett" metro area of more than 2.4 million persons. King County exhibits growing diversity: 73% of the population is non-Hispanic white, 11% Asian or Pacific Islander, 5% African-American, 1% Native American and 5.5% Latino. We also have an aging population with a median age near 36. As the Baby Boom ages and becomes more stable, we can expect somewhat less geographic mobility. More than 181,000 persons, 11% of the population, are now over age 65.*

*King County's population has grown by 15% since 1990, a modest rate compared with Sunbelt metro areas and nearby Puget Sound counties. However, given the large population already here, the growth numbers are significant. The increase in County population since 1990 – 230,000 -- is equivalent to the combined current population of the cities of Bellevue, Federal Way and Sammamish. King County is forecasted to grow by an additional 140,000 persons (8%) to about 1,875,000 in 2012.*

*The number of housing units in King County is growing as fast as our population. The Census counted 742,000 houses, apartment and condo units and mobile homes, an increase of 95,000 units (15%) since 1990. The increase in housing since 1990 is almost evenly divided between single family including mobile homes (+50,000) and multi-family (+45,000 new units). Household size has stabilized after declining in the 1970s and 1980s, and is now estimated at 2.39 persons per household. Further declines in household size are anticipated in coming years, to about 2.2 in 2012. Housing prices, both rents and*

Seattle became a little more diverse, but the dispersion of persons of color outside Seattle was the more interesting trend. At 17 percent Asian, Bellevue had the highest Asian percentage. South King County experienced the most dramatic increase in diversity, with minority populations doubling and tripling in several communities. Tukwila has the largest percentage of minorities, 46%. Burien, SeaTac and Federal Way have large Pacific Island communities as well as black, Latino and Asian populations. Immigration data are not available from the Census yet, but it is safe to guess that a large fraction of King County's recent growth is from overseas. School data, and metropolitan area data from the Immigration and Naturalization Service, suggest that about 10,000 persons per year arrive in the Puget Sound region from other countries, and it is probable that many of these persons have located in South King County communities, primarily because of the affordable housing.

The baby boom is maturing into middle years with the age category 45-54 growing the most rapidly at 59%. The senior population as a whole is not growing rapidly, but the over-85 population increased by 44%.

♦ Married with children	150,600
♦ Married, no children	179,200
♦ Single Parents, other family	90,200
♦ Single-person households	217,200
♦ Other Households	73,800

The number of preschoolers is stable at 105,000, hardly growing during the decade. Population of children (under 18) remained at about one fourth of the total, with most of the decade increase among older children.

As in 1990, King County has more single person households than family households consisting of a married couple with children. The number of married couples without children exceeds the number with children. Single parent households are a smaller percentage of the population in King County than nationally – and smaller in Seattle than in the suburbs. After decades of decline, average household size has stabilized at 2.39, essentially the same as the 2.40 in 1990. Average household size continued to decline in many Eastside communities, while remaining stable in Seattle and actually increasing in several South King County cities.

The 2000 Census has only released one housing item so far -- ownership status. Between 1990 and 2000, the home ownership rate increased one percentage point to 59.8% from the 58.8% of 1990. Fully 425,000 households in the County own their home, an increase of 63,000 from 1990. The increase is encouraging, although the national and State rates went up more – about 3%. Increasing house prices and immigration of many low-income persons during the decade dampened the rate of increase.

*purchase prices, have trended upward in the late 1990s, but not as rapidly as in 1989-90 when the average house purchase price increased 36% in one year.*

### **King County Economy**

*Employment growth is a driver of King County's population and housing growth. More than 1.1 million workers are employed within the borders of King County, at nearly 65,000 business establishments. With more than 40% of Washington State's jobs and payroll, the County is truly the economic engine of Washington and the Pacific Northwest. With a 1998 payroll exceeding \$41 billion, the King County economy is larger than that of several US states.*

*The number of jobs is growing faster than population and housing, about 24% from 900,000 in 1990 to more than 1,100,000 today. Most workers at these jobs live in King County, but an increasing number commute in from Snohomish, Pierce, and other counties. Manufacturing employment has remained strong despite the ups and downs of aerospace, our largest sector. The composition of the economy is shifting from the traditional manufacturing and resource bases to high tech, services and trade, both local and international. The computer services industry now employs as many as aerospace. Unemployment has been at historic lows below 4% for several years, but the King County economy remains quite cyclical and shows signs of a return to higher unemployment in the near term.*

## Incomes rise rapidly – for some King County residents

Ten years after the 1990 Census benchmark, it is difficult to measure current income. Several organizations attempt to estimate the median household income of King County or Puget Sound residents. The Annual Growth Report (AGR) has relied on estimates prepared by a private firm, Strategic Mapping, Inc. (Donnelley), whose 1998 estimate of \$47,700 seemed the most reliable. In 2000, the AGR switched to the federal Housing and Urban Development department (HUD) estimate, a higher series. HUD's estimate is \$55,900 in 2000, up five percent from \$53,200 in 1999 and well above the Donnelley series. More reliable data from the 2000 Census will not become available until mid-2002.

The Washington State Employment Security Department reports average (not the more meaningful median) wages paid to employees covered by unemployment insurance. The average King County wage for 2000 was \$47,709, up 5.7% from 1999. However, it is instructive to separate the approximately 50,000 software employees in King County from the remaining 1,140,000 workers. This five percent of all King County workers, at Microsoft and 300 other packaged-software companies, took home 19 percent of the County's total payroll, nearly \$10 billion including stock options. That is an average of \$187,000 each. The remaining 95 percent of workers average \$40,200, still up a healthy 5.8% from \$38,000 in 1999.

The significant overall income growth in software and other sectors has propelled King County into eighth place among all 3,100 counties in the United States in total payroll paid during 1998. Measured at \$41 billion by the Census Bureau, King County's total business payroll exceeded that of 26 states, including Oregon, which has twice as many people as King County. The growth of payroll was second-highest of all large counties in the US, just behind Clark County (Las Vegas), Nevada.

Among other issues raised by such large numbers is that of disparity of wealth and income between King County and the other parts of Washington State outside the Puget Sound region. In 1998, more than 52% of wages paid in the state were in King County, in contrast to our 29% share of the state's population. Some of that difference reflects high tech jobs in Seattle and the Eastside as well as high wage manufacturing jobs in South King County.

### **King County Jurisdictions**

*King County is divided into 40 governmental jurisdictions. As of 2000, there are 39 cities ranging in size from Seattle with 563,000 and Bellevue with 110,000 to Skykomish and Beaux Arts with fewer than 400. Since the 1990 Census when Federal Way and SeaTac were new, eight new cities have incorporated, shifting 160,000 people into city limits. Several older cities have annexed large communities. King County's 39 cities cover 376 square miles or 18% of the County's total land area. Each city has a mayor and city council.*

*Unincorporated King County, the territory outside any city, now has about 353,000 people or 20% of the County's population, on 82% of its land area. Most of that population resides on the Seattle-sized portion within the Urban Growth Area designated by Growth Management. The unincorporated population is 237,000 smaller than it was at its peak in 1989 before the current spate of incorporations began.*

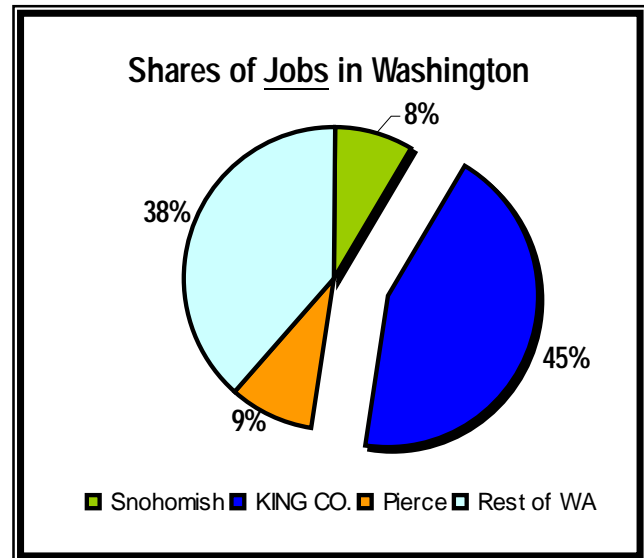
## Growth of jobs and population in King and adjoining counties

Planning policies and current issue discussions speak of balancing job growth and population or housing growth in the Puget Sound region. This issue is subject to over-simplification, but is actually complex and many-faceted. Some facts:

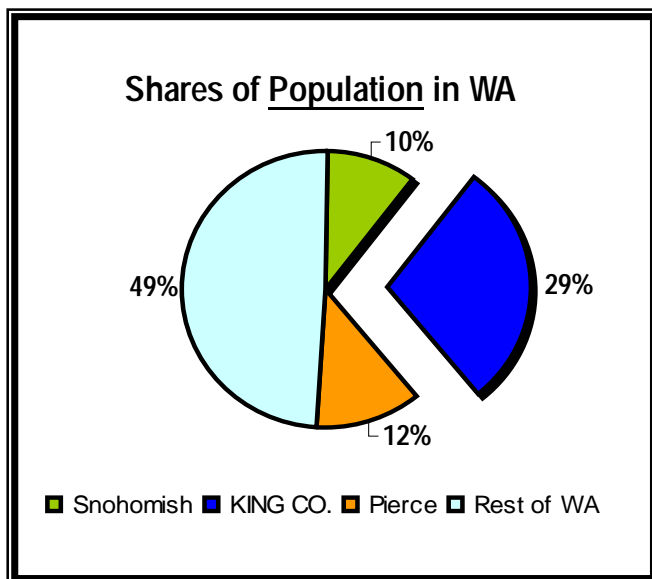
1. King County, the economic engine of Washington State, had 45 percent of Washington jobs in 1999, but only 29 percent of the population and 30 percent of the housing units. Although it contains only three percent of the state's land area, King County is large and diverse, with many different job centers. Manufacturing and warehousing

dominate in South Seattle and South King County. High tech industries are found mostly in Seattle and the Eastside. Services and retail are located all around the county.

- King County has garnered almost two-thirds of Washington State job growth since 1995. Job growth within the county during the four years from 1995 to 1999 was a stunning 172,000 or 18% over the period. This was 65 percent of the entire State's increase in jobs during the same period. Most of the remaining job growth went to adjoining Snohomish and Pierce Counties, with only 15 percent in the remaining 36 counties.



- In contrast, King County gained only one-fifth of the State's population and housing growth from 1995 to 1999. The amount of growth – more than 36,000 housing units – is actually in line with forecasts but has occurred at a slower pace than job growth.
- Pierce and Snohomish Counties each have less than ten percent of the state's jobs, but more than ten percent of the state's population. Although Pierce is defined as a one-county metropolitan area, it is less than half of King County's size. Larger households and military populations contribute to the larger share of population in these counties.



- Pierce and Snohomish may have gained only modest job numbers in the 1990s, but together they built more new housing than King County. These two counties increasingly act as bedroom communities for King County job centers. So it is useful to examine the three county region as a unit.
- The Puget Sound region has added almost three times as many jobs (+223,000) since 1995 as housing units (+82,000). In fact, during that period the region added more jobs than people.

In interpreting all this information, it is important to remember the cyclical nature of the Puget Sound economy.

One year or even four years is a short part of the business cycle. During a different four-year period, the region or King County may add more housing than jobs. There have even been years of net job losses, such as 1991. There is rough equilibrium over the ten-year Puget Sound cycle that is not apparent during the current growth boom. Finally, although King County's housing growth may not seem to balance job growth in the short term, the housing growth rate does match growth targets set in 1994 – about 10,000 added housing units each year. Even larger numbers of housing units

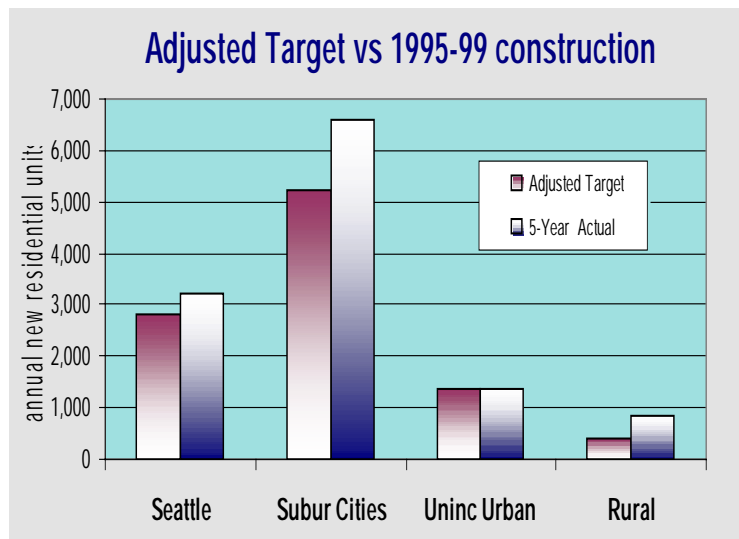
were built in 1998 and 1999. It's not so much a matter of slow housing growth as it is rapid job growth. To the extent that housing growth lags, it is affordable housing for people with lower-paying jobs that come up short. As job creation slows down in coming years, housing numbers should start to catch up.

## Growth in most areas of King County is outpacing Growth Targets

The Countywide Planning Policies (CPPs), adopted to implement the State Growth Management Act in 1994, set "growth targets" for households and jobs. Each target is the amount of growth to be accommodated by a jurisdiction during the 20-year Growth Management planning period. The residential targets were expressed as a range of households for each jurisdiction to accommodate between 1992 and 2012. Cities with designated Urban Centers including Seattle, Bellevue, Redmond, Renton, Tukwila, SeaTac, Kent and Federal Way established high target numbers to encourage growth. Growth target ranges are displayed on page 67.

In the unincorporated King County jurisdiction, Urban targets were set lower than past trends would indicate, in order to encourage growth within cities generally, and designated Urban Centers in particular. The unincorporated Urban target was set at 38,000 new households over the 20 years, which is only 19% of Countywide growth as opposed to nearly half under old trends. The Rural target was set at less than four percent of Countywide growth, far below the 15% typical in the '80s. This year's AGR reports on our progress after five years of development following adoption of the CPPs.

Countywide new residential construction has averaged 23 percent greater than annualized targets would expect. The graph above compares five years of building permits to targeted shares of development in four subareas: Seattle; the Suburban Cities; unincorporated Urban; and Rural areas. Permits in Seattle, averaging more than 3,200 new units per year, exceed the annualized target. The 37 Suburban Cities collectively have permitted 5,400 new housing units, almost exactly the targeted share. Some of the success cities have had is within designated Urban Centers. However, individual cities differ markedly. The Eastside cities and Renton and Kent have been more successful than southwest King County cities in attracting recent growth.



The unincorporated Urban target was set at 1,900 units, a number actually achieved in 1995 but exceeded since. Several cities have incorporated since the CPPs were adopted in 1994. As new cities form and older cities annex territory, portions of the unincorporated Urban target have been shifted into cities. The targets will need continual re-allocation. Similarly, permits issued earlier by the County in recently annexed areas must be "credited" to the annexing city. When these adjustments are accounted for, the number of unincorporated permits matches the adjusted targets. During the first five full years the CPPs have been in effect, more than 40 percent of the Urban unincorporated land area has become city, and so about 12,000 of the original 38,000 growth target has shifted into incorporated jurisdictions.



The Rural area target or cap was set at less than four percent of Countywide growth, an average of under 400 units per year. In the years since the target was set actual building construction in Rural and Resource designated areas has been two to three times this annualized average. As a percentage of Countywide construction, Rural activity remains small: less than eight percent of new housing units, and down to 5% in 1999. This percentage is well below the 13 to 15% of earlier decades, and far less than Rural growth in other Puget Sound counties. Further, the 2000 Census found fewer than 137,000 persons in Rural areas, only 8% of the Countywide population and 9% of the 1990-2000 population growth. Nevertheless, in the five years 1995 - 1999, new housing construction is more than halfway (52%) to the 20-year target of up to 8,200 units in Rural areas. Much of this growth is due to the large number of pre-existing lots in rural areas.

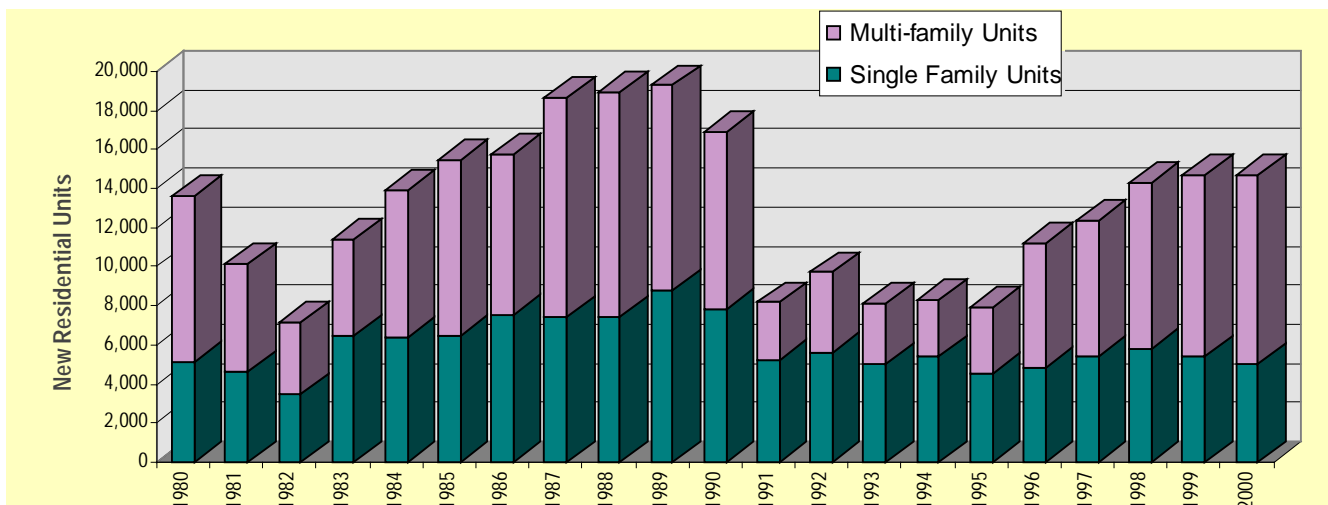
In comparing the actual growth to targets, it is important to remember the cyclical nature of Puget Sound growth. Recent permits have exceeded the annualized targets all over King County. In the next few years, slower growth may balance this rapid growth period and bring us back to the 20-year forecasted trend.

## Rate of residential construction remains stable

Despite the slowing population growth, residential construction continued strongly in 2000, demonstrated by construction of nearly 14,700 new residential units. Construction of single family homes was down slightly to 5,000 new houses and mobile homes. Permits for single family construction have stayed remarkably consistent each year since 1991, at about 5,000 new houses in King County. Roughly half of the new houses were permitted in unincorporated areas, although many of these have since been incorporated into the City of Sammamish.

Multifamily construction is often much more volatile, responding to changes in the regional economy. This year, multifamily construction increased to about 9,700 new apartments and condominium units (triple the 1993-95 average). Total new construction is the same as in 1999, still below levels of the late 1980s, which approached 20,000 new units per year.

**Total New Residential Units Permitted  
Single Family and Multifamily  
1980 - 2000**



## **Residential growth focuses in cities and three unincorporated areas**

More than three-fourths of the new construction in 2000 occurred within city limits, in marked contrast to trends of the 1970s and 1980s. Seattle received an amazing 44 percent of the County's new residential units, more than 6,500. The 38 suburban cities together permitted 5,400 new units, 37 percent of the Countywide total. The cities of Renton with 818, Sammamish with 764, Kent with 556, and Bellevue with 500, authorized the largest numbers of new units. Two-thirds of the new housing units in the cities were apartments and condominiums. Building permits by city are reported on pages 71-73.

With 2,800 new units, unincorporated King County received less than 20 percent of Countywide new residential growth, a lower share than in earlier years. Three communities received two-thirds of unincorporated growth. East Sammamish had 676 new housing units, Bear Creek had 674, and Soos Creek had 515. Urban portions of unincorporated King County accounted for 2,233 new units, about 15 percent of the Countywide growth. In Rural and Resource areas, only 578 new units were permitted – about four percent of the Countywide total, and very close to the annualized target. This number continued a steady decline from around 800 new units during the mid 1990s. Preliminary data from 2001 hint that permit activity in both Urban and Rural areas will continue to decline.

Almost half of the unincorporated permits were multifamily; although nearly 600 of the 1,300 new multifamily units were subsequently annexed to Issaquah. Building permits by unincorporated area are reported on pages 131-132. The number of lots in recorded formal plats remained about the same as in 1999 at 1,334 new lots, primarily in Bear Creek and Soos Creek. As with building permits, the majority of new lots were created in the cities including Renton, Covington and Maple Valley.

## **Housing Prices Continue to Rise**

During 2000, the cost of housing in King County continued to increase, but at a slower rate than in the previous few years. From 1999 to 2000 the median price of a single family home rose from \$235,000 to \$250,000, a 6.4% increase. The previous year had seen a steeper rise from \$215,000 to \$235,000, a 9.3% increase. Interest rates were fairly stable during this two-year period. While these increases in value are good news for current homeowners, they have made it very difficult for first-time homebuyers to enter the market. In 2000, a household earning the median income (\$55,900) could afford a home costing about \$213,000. But the median-priced home cost about \$37,000 more.

Moving from the rental market to the housing market can be very discouraging in King County. The average renter earns only about 67% of median income. Even at 80% of median income, a three-person household earning \$45,000 could afford a home costing just \$140,000. But only 18% of homes in King County sold for that amount or less in 2000. If they could find a house in this price range, the household would need at least \$12,000 in savings to cover a 5% down payment and closing costs. This affordability gap has impeded first-time homebuyers for many years. Currently, low interest rates are moderating the problem, but the gap remains.

Condominiums and townhomes provide a more affordable option for some households. However, at \$148,000, even the median-priced condo was out of reach for a typical household earning 80% of median income.

The rental market in King County is somewhat more accommodating. There is an adequate supply of rental units affordable to those earning 50% of median income or more. While average rents have been rising, the annual increase

during the 1990s was about 3.9% per year, just slightly higher than inflation. The median rent for a two-bedroom one bath apartment was \$819 in 2000. At 50% of median income, a household of three could afford \$740.

For households below 50% of median income, even the rental market can be disheartening. For the 56,000 households in the County who earn 30% or less of the median income, there are virtually no affordable market-rate units available. A household supported by a full-time worker making \$7 or \$8 per hour would be in this income category. Only 5% of apartments rented for less than \$500 last year, and only 20% for less than \$600. Some of these households rely on public subsidies to help provide housing. Some are paying a large share of their income for housing – and some are homeless.

Homeless individuals in King County numbered about 6,500 in 2000. An individual or household seeking an apartment would typically need anywhere from \$1000 to \$2000 for first and last month's rent and a security deposit. These move-in costs are a barrier for a homeless or transitional individual or family seeking housing, as well as for a young person starting out.

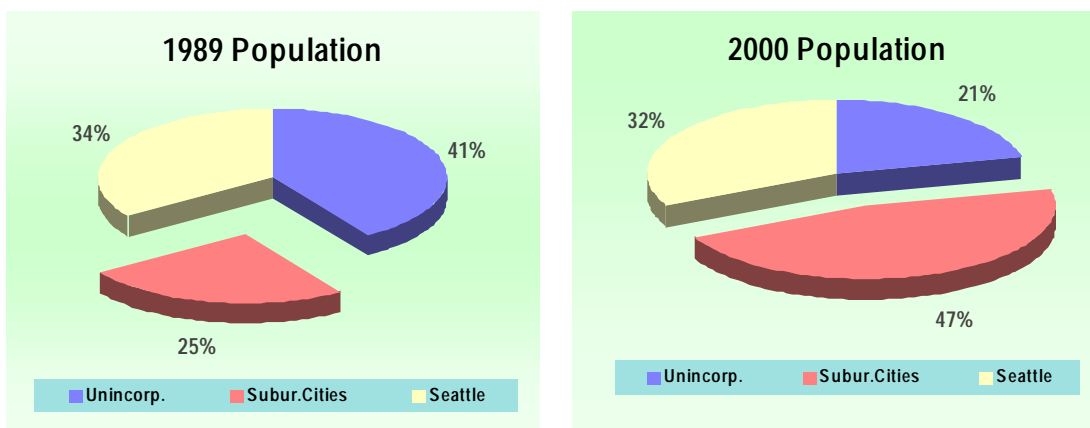
## City of Sammamish Caps a Decade of Incorporations

The population change table on page 62 shows that many King County cities are growing rapidly. The suburban cities are acquiring the majority of King County's growth, both through annexation and through new construction within their boundaries. In 1989, unincorporated King County had 590,000 people and the 28 suburban cities together had about 350,000. In the succeeding eleven years, ten new cities have formed with more than 250,000 people. Other cities have annexed about 72,000 of the existing unincorporated population. The 38 suburban cities, from Bellevue to Skykomish, now have more than 785,000 residents. By 2012, the entire Urban area, with 90% of the King County population, is planned to be within city limits.

The newest city is Sammamish, which incorporated on August 31, 1999. The 2000 Census measured the City's April 1, 2000 population at 34,100 and it continues to grow rapidly. Occupying more than 21 square miles east of Lake Sammamish, the City incorporated the wealthiest remaining community of unincorporated King County. The median house price in 1998 exceeded \$300,000, and median household income exceeded \$90,000.

Annexations accounted for a further shift of 3,700 persons into cities within the last year. Auburn annexed part of the Lea Hill community with about 2,730 residents. Des Moines annexed an unincorporated island covering 100 acres with about 150 residents. Issaquah annexed neighborhoods north of the City with about 800 residents and much development activity underway.

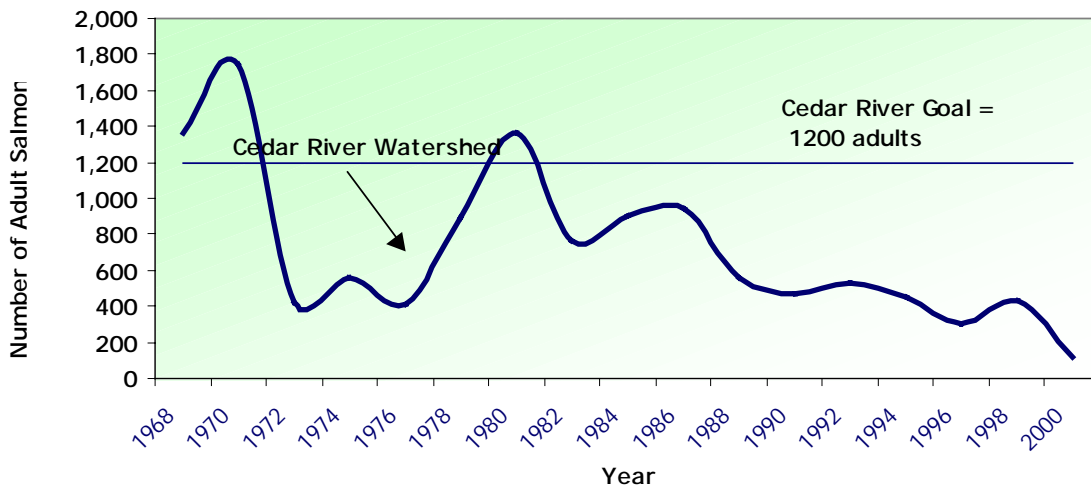
### A Decade of Population Change by Jurisdiction



## Benchmark Indicators

Chapter 2, following these highlights, reports on the five topics covered by the 2001 King County Benchmark Report: Economy, Environment, Land Use, Housing and Transportation. The chapter covers highlights for each of the 45 quality of life indicators that are more fully detailed in the Benchmark Report. The graphs below illustrate an important Environmental indicator, decreasing salmon runs in two King County river systems.

**Natural Chinook Adults in the Cedar River System: 1968 - 2000**



**Natural Chinook Adults in the Green River and Snohomish/Snoqualmie Watersheds: 1968 - 2000**

